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TO IMMEDIATE FCO

TELEGRAM NUMBER 2933 OF 2 SEPTEMBER

INFO IMMEDIATE UKMIS NEW YORK, AMMAN, BEIRUT, CAIRO, DAMASCUS,
TEL AVIV, AND PRIORITY TO PARIS, BONN, MOSCOW, OTHER MIDDLE EAST
POSTS

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MIPT: US REVIEW OF MIDDLE EAST POLICY

1. EAGLEBURGER HAS TOLD US THAT THE PRESIDENT HAD MORE OR LESS REACHED THE POSITION NOW STATED BY HIM AS LONG AGO AS MAY. BUT IT WAS SHULTZ WHO GAVE THE REVIEW REAL IMPETUS. HE CONCLUDED IN INITIAL DISCUSSIONS WITH KISSINGER AND OTHERS THAT THE CAMP DAVID PROCESS IN THE FORM IN WHICH IT THEN STOOD WAS GOING NOWHERE: THAT THE MAIN ELEMENTS NEEDED TO BE SET FORTH IN A NEW WAY: AND THAT THIS MUST BE DONE BY THE PRESIDENT HIMSELF. WE WERE TOLD THAT SHULTZ WARNED THE PRESIDENT THAT THE PROPOSED STATEMENT WOULD PRODUCE SHARP ISRAELI REACTIONS: THE PRESIDENT SAID THAT HE WAS PREPARED TO FACE THESE.

2. AS VELIOTES SAID, THERE IS LITTLE THAT IS NEW IN SUBSTANCE. BUT THE CARRYING FORWARD OF THE CAMP DAVID PROCESS IS PUT MUCH MORE FIRMLY IN THE CONTEXT OF THE IMPLEMENTATION OF SECURITY COUNCIL RESOLUTION 242, WHICH WILL PRESUMABLY BE WELCOME TO THE JORDANIANS. AN ESSENTIAL PART OF THE US PURPOSE IS TO TRY TO AVOID CONTINUING ISOLATION OF THE EGYPTIANS BY BRINGING THE JORDANIANS INTO THE PEACE PROCESS, THOUGH IT REMAINS TO BE SEEN WHETHER THEY WILL SUCCEED IN THIS. THE SUGGESTION THAT THE LOCATION OF ISRAEL/JORDAN BORDER MIGHT DEPEND ON DEVELOPMENTS DURING THE TRANSITIONAL PERIOD IS NEW, THOUGH QUANDT (EX-NSC) HAS TOLD US THAT IT IS ONE OF THE IDEAS CONSIDERED BY THE LAST ADMINISTRATION.

3. THE AMERICANS SEE THIS INITIATIVE AS BEING A LONG HAUL, RATHER THAN A BLUEPRINT FOR EARLY IMPLEMENTATION. THEY DO NOT AS YET HAVE FIRM PLANS FOR CARRYING MATTERS FORWARD. THEIR IMMEDIATE TASK WILL BE TO ABSORB THE ISRAELI REACTIONS AND TO TRY TO WIN THE SUPPORT, OR AT LEAST ACQUIESCENCE, OF THE JEWISH AMERICAN COMMUNITY, WHOSE INITIAL REACTIONS HAVE BEEN CAUTIOUS. PRESIDENT CARTER'S CONFIRMATION TODAY THAT REAGAN'S STATEMENT IS CONSISTENT WITH HIS OWN INTERPRETATION OF CAMP DAVID SHOULD BE HELPFUL IN THIS CONTEXT.

4. THE STATE DEPARTMENT HAVE BEEN WORRIED LEST THE ISRAELIS RESPONDED TO REAGAN'S STATEMENT WITH SOME ACT OF DEFIANCE, SUCH AS THE EXTENSION OF ISRAELI LAW TO THE OCCUPIED TERRITORIES OR THE ESTABLISHMENT OF MORE SETTLEMENTS. WEINBERGER, WHO WAS CONSULTED IN ADVANCE, HAS - WE ARE TOLD - BEEN SENT A MESSAGE ON THE PRESIDENT'S BEHALF ASKING HIM NOT TO GET DRAWN INTO DISCUSSION OF THE INITIATIVE WHILE HE IS IN ISRAEL. THE AMERICANS WILL HAVE BEEN

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RELIEVED THAT THE ISRAELI'S CABINET STATEMENT TODAY INCLUDED AT LEAST AN EXPRESSION OF WILLINGNESS TO RESUME THE AUTONOMY TALKS.

5. REAGAN'S MESSAGE TO BEGIN EARLIER THIS WEEK WAS ACCOMPANIED BY A SPEAKING NOTE COVERING AMERICAN VIEWS ON SOME OF THE PRINCIPAL ISSUES TO BE DISCUSSED: IT IS THESE WHICH THE ISRAELIS CONSIDER TO BE AT VARIANCE WITH CAMP DAVID. THE AMERICANS STATED INTER ALIA THAT THE ARAB INHABITANTS OF EAST JERUSALEM SHOULD PARTICIPATE IN AUTONOMY, THAT THE PALESTINIANS SHOULD ASSUME PROGRESSIVE RESPONSIBILITY FOR INTERNAL SECURITY IN THE OCCUPIED TERRITORIES, DEPENDING ON THEIR PERFORMANCE, AND THAT THE SELF-GOVERNING AUTHORITY SHOULD HAVE RESPONSIBILITY FOR LAND AND RESOURCES (IE QUOTE TERRITORIAL UNQUOTE AUTONOMY RATHER THAN AUTHONOMY QUOTE OF THE PEOPLE UNQUOTE). THE AMERICANS ALSO FAVOURED THE RIGHT OF JEWS TO LIVE IN THE OCCUPIED TERRITORIES PROVIDED THAT THEY DID NOT DO SO ON ANY BASIS OF EXTRATERRITORIALITY. (THIS WILL PLEASE AMERICAN JEWS, IF NOT THE ISRAELIS). THE AMERICANS MADE NO MENTION OF THE GOLAN HEIGHTS OR A PEACE WITH SYRIA (WHICH, OF COURSE, FALLS OUTSIDE CAMP DAVID).

6. A GREAT DEAL WILL NOW DEPEND ON THE ARAB REACTIONS - IN PARTICULAR WHETHER MUBARAK WILL ABANDON HIS INSISTENCE THAT THE ISRAELIS MUST LEAVE LEBANON BEFORE HE TAKES PART IN FURTHER PEACE TALKS: AND WHETHER THE JORDANIANS WILL STEEL THEMSELVES TO PARTICIPATE. IF THE ARABS RESPONDED POSITIVELY, THE AMERICANS WILL BE BOUND TO SEEK TO NEGOTIATE SERIOUSLY WITH THE ISRAELIS ON THE BASIS OF THE PRESIDENT'S STATEMENT: IF THE ARABS DO NOT, THE ISRAELIS WILL BE ABLE TO EXTRICATE THEMSELVES FROM THIS DIFFICULTY. THE ISRAELI EMBASSY HERE ARE MAKING NO SECRET OF THEIR HOPE THAT THE ARABS, BY SEEKING TO LAY DOWN ADDITIONAL CONDITIONS FOR THE NEGOTIATIONS, WILL ENABLE THEM TO DO THIS.

7. EAGLEBURGER HAS TOLD US THAT THE SAUDIS SEEM DISPOSED NOT TO PRESS THE FAHD PLAN AT THE ARAB SUMMIT. THE AMERICANS BELIEVE THAT THE EGYPTIANS WILL REFRAIN, FOR THE PRESENT, FROM PRESSING THE FRANCO-EGYPTIAN INITIATIVE, BUT ARE LESS CERTAIN ABOUT THE FRENCH ATTITUDE. IT WAS NO DOUBT WITH AN EYE ON THE FRENCH THE EAGLEBURGER STRESSED, AT THIS MORNING'S BRIEFING, THE NEED TO AVOID GIVING THE

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ARABS THE SLIGHTEST ENCOURAGEMENT TO HOLD OUT FOR SOME ADDITIONAL
MOVEMENT FROM THE UNITED STATES. THE AMERICANS HAVE NO INTENTION OF
BEING PUSHED BY EITHER SIDE OFF THE POSITION STAKED OUT BY THE
PRESIDENT YESTERDAY. THEY HAVE NO ILLUSIONS ABOUT THE DIFFICULTIES
OF FOLLOWING THROUGH AND ACHIEVING PROGRESS TOWARDS IMPLEMENTATION.
BUT SHULTZ HAS ACHIEVED A MAJOR SUCCESS IN ACHIEVING A FAR MORE
COHERENT APPROACH THAN HAS BEEN EVIDENT SINCE THE BEGINNING OF
THIS ADMINISTRATION.

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